

House Republican Press Release

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REPRESENTATIVE FREY: IRRESPONSIBLE BUDGET WOULD TURN STATE SURPLUS TO DEFICIT



RIDGEFIELD LEGISLATOR VOTES AGAINST TAX PACKAGE

HARTFORD—The State Representative John H. Frey, R-Ridgefield, said the budget package recently approved by the Legislature's Appropriations Committee shows no restraint in state spending and would result in substantial tax increases beginning next year. As a member of the Legislature's Finance, Revenue and Bonding Committee, he voted against the corresponding tax package that was approved on April 3.

The \$16 billion Appropriations Committee budget would spend \$111 million more than Governor M. Jodi Rell's recommendations, increasing spending by more than 17 percent in Fiscal Years '06 & '07. Taxpayers should be especially concerned about that degree of spending increase because current estimates project a \$500 million deficit in FY '08, said Rep. Frey. Under the budget adopted by the committee, that deficit would be expected to be between \$800 and \$900 million because much of this year's surplus is being used to fund new and ongoing programs. In total, there are \$379 million dollars in budget gimmicks and funding for new, ongoing programs.

The proposed budget also only allocates \$39 million of the current \$600 million surplus for the Rainy Day Fund. This fund, established in the wake of enacting the state income tax in the early 1990s, played a vital role in cushioning the impact on taxpayers when the state hit difficult economic times a decade later. In contrast, Governor Rell proposed allocating \$340 million, more than 50 percent of the surplus, for the Rainy Day Fund.

"This budget is so irresponsible that one must imagine any legislator who voted in favor of it secretly hopes it never becomes law," said Rep. Frey, who serves as an Assistant Minority Leader. "It would literally turn a substantial surplus into a deficit one year after it takes effect. It also ignores a very real need to place a substantial investment in the Rainy Day Fund, which is extremely poor fiscal planning."

Rep. Frey also noted that despite pledges from majority party leaders that the current legislative session would focus on stimulating the state economy and job creation, the tax package grants no relief for the business community. In fact, elimination or phase out of the property tax on manufacturing machinery and equipment that was a keystone of both

Democrat and Republican caucus agendas for the session is omitted from the tax package.

“Unfortunately, the only jobs this budget would create is about 250 to 300 new jobs for state employees,” said Rep. Frey. “Because of the spending side of the budget, the level of tax cuts that are contained could never be sustained and it amounts to a deceptive, election-year scam. If this budget were signed into law, many people would see a slight reduction in their state income tax next year and a drastic increase in numerous state taxes shortly thereafter. It represents the worst state spending plan put forth in years.”